

March 2003

ECONOMIC AND REVENUE FORECAST

Fiscal Year 2003 3rd Quarter



WASHINGTON STATE DEPARTMENT OF
Natural Resources
Doug Sutherland - Commissioner of Fisheries

March 2003 ECONOMIC AND REVENUE FORECAST

FISCAL YEAR 2003 3RD QUARTER

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March 2003

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WASHINGTON STATE DEPARTMENT OF
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Doug Sutherland - Commissioner of Public Lands

Accurate reproduction of information in this forecast is welcomed.
Acknowledgment of the source would be appreciated.

ACKNOWLEDGMENTS

The quarterly revenue forecast is a collaborative effort. It is the product of information provided by private individuals and organizations, and DNR staff. Without their contributions this forecast could not be completed.

An absolutely critical component of this forecasting work are the purchasers of DNR timber. These busy individuals and companies willingly provide information that is essential to the process of estimating harvest volumes.

Many DNR staff also contribute to the forecast. Those persons who provide data or forecasts of revenue flows for their areas of responsibility make an especially significant contribution, and I especially thank Paul Penhallegon in this regard. Also, other DNR staff have provided valuable and constructive feedback on drafts of this forecast report, including Phil Aust, Dave Larsen, Peggy Murphy, Quynh Nguyen, Jim Smego, Bob van Schoorl, and Angie Wirkkala.

I am grateful to Marie Dinsmore, Judy Holman, and Billie-Lynn Wyckoff for help and initiative in conducting the purchaser survey efficiently and effectively. Credit for re-formatting the forecast document also goes to Billie-Lynn.

Bruce P. Glass
March 14, 2003

MAJOR POINTS OF THE MARCH 2003 FORECAST

■ US Macroeconomic Conditions & Trends

- The US economy is struggling to shrug off the recent recessionary downturn, and deflationary risks to the economy remain undiminished.
- In recognition of sluggish economic conditions, the Federal Reserve Bank target for the rate at which banks borrow money from each other (the federal funds rate) now stands at 1.25%, close to a 40-year low.
- Consumer confidence remains relatively low, particularly in the face of uncertainty generated by relatively high rates of unemployment, and geopolitical events including the prospect of a war with Iraq, potential production of fissionable nuclear material by North Korea, and a strike-driven reduction in Venezuelan oil production (Venezuela being a major oil supplier to the USA).
- Business confidence is also relatively low, amid signs that corporate cost cutting continues, and that low operating rates (implying unutilized capacity) are constraining investment expenditures.
- The US dollar is depreciating on a trade-weighted basis, and may provide a mild--and necessary--inflationary boost for the economy. Continued depreciation of the US dollar also holds the prospect of some relief for domestic softwood lumber producers from foreign competition, by making imported product relatively more expensive in US dollar terms.
- The February 2003 Blue Chip consensus estimate of real gross domestic product (GDP) growth for calendar year (CY) 2003 has declined from 2.8% in November 2002 (a

level held through January 2003) to 2.7% in February 2003. The February 2003 consensus estimate of real GDP growth for 2004 stands at 3.6%.

■ Japanese Macroeconomic Conditions & Trends

- Japan continues to experience severe deflationary pressures. Needed industrial and financial restructuring could be gathering the political momentum necessary for actual implementation.
- After -0.5% real GDP growth in 2002, the February 2003 Blue Chip consensus anticipates growth in 2003 will be positive in both 2003 (0.7%) and 2004 (1.1%).

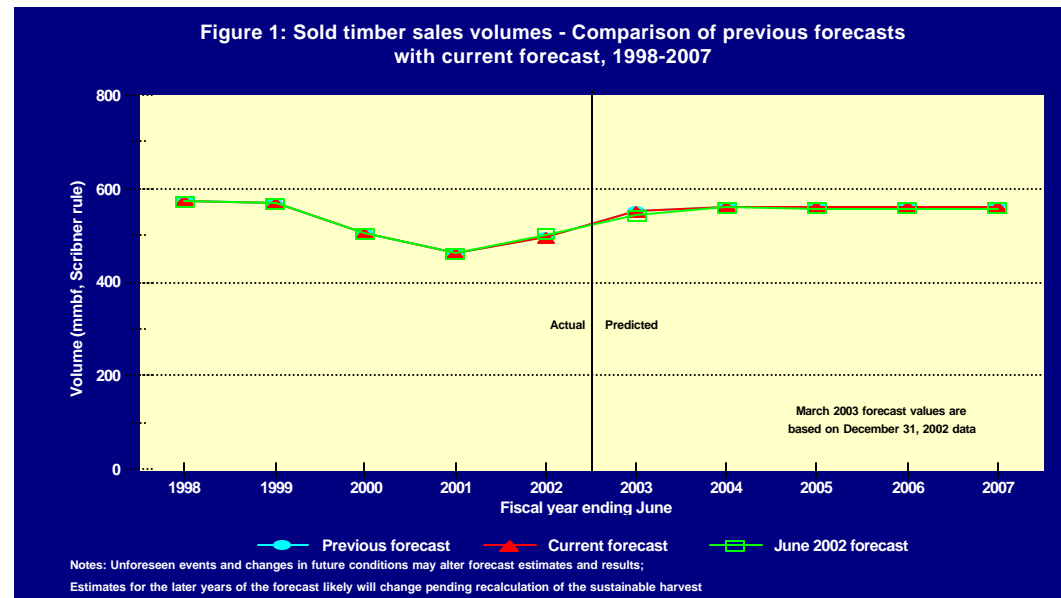
■ Implications of Macroeconomic Conditions for Forecast

- US housing starts are expected to close out CY 2002 at over 1.7 million/year on the heels of a strong December showing, and are forecast to remain at relatively high (by historical standards) levels through 2007 (seasonally adjusted rates). Housing starts are not expected to be dramatically responsive to economic recovery. A relatively buoyant housing sector during the recent recession means that pent-up housing demand likely will be minimal as the economy recovers (particularly if some commentators' warnings of possible housing bubbles prove well-founded).
- US repair and remodelling expenditures are also expected to remain at relatively high levels compared with prior years.
- Japanese housing starts are expected to decline from about 1.18 million/year in CY 2002 to about 1.09 million per year in CY 2006.

- Long-term changes in trade flows for raw materials and finished products are likely as manufacturing capacity for wood products and their substitutes moves out of Japan to other countries. In particular, the importance of the People's Republic of China as both a market and regional processing center is expected to increase, the more so given increased construction activity in advance of the 2008 Olympic Games (to be staged in Beijing).

■ **Sold Timber Sale Volumes:** Compared with the November 2002 forecast, sold target timber sale volumes are unchanged (Figure 1, Table 1).

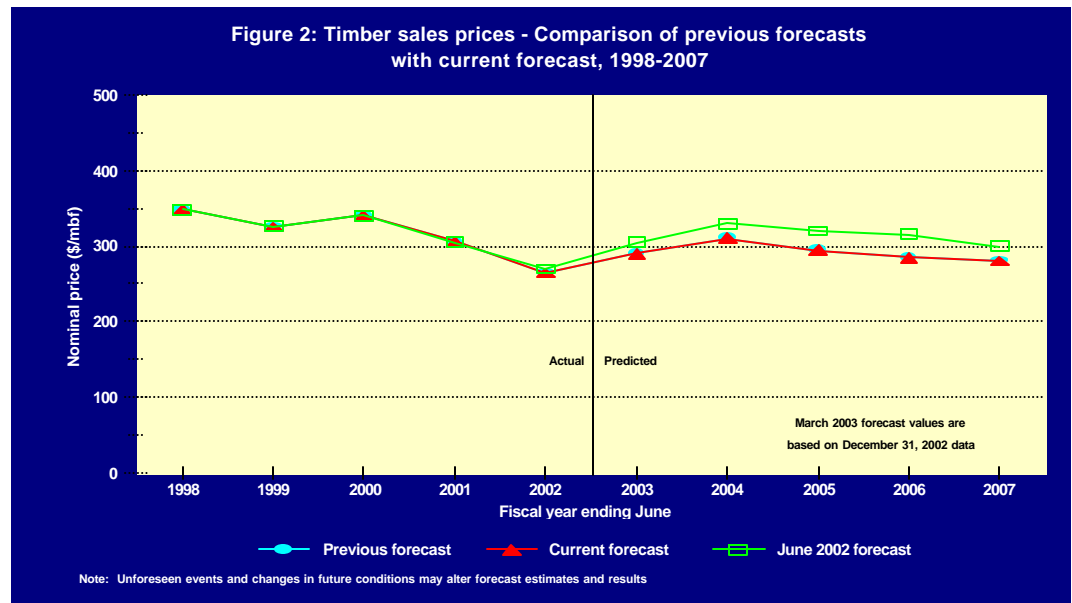
- Sold timber volume for FY 02 was 495 MMbf.
- Sold timber volume for FY 03 to the end of December 2002 was approximately 199 MMbf, equivalent to about 36% of the FY 03 sold target volume halfway through the fiscal year, because the department withheld sales until October 2002 in the face of litigation challenging certain aspects of the timber sales process. This litigation has not changed the department's 550 MMbf sale target for FY 03 in this forecast.
- Sales volume estimates for the later years of the forecast likely will change following recalculation of the sustainable harvest. The Board of Natural Resources is presently slated to consider adoption of the recalculated sustainable harvest during the latter half of CY 2003 or after the start of CY 2004.



■ **Timber Sale Prices:** Compared with the November 2002 forecast, estimated timber prices are unchanged for the entire forecast period (Figure 2, Table 1).

- Softwood lumber prices have been declining from \$339/Mbf in March 2002 to \$271/Mbf in December 2002 (Random Lengths framing lumber composite price index), a 20% decrease in the price index.
- Near-term outlook for DNR timber sales prices: Seasonal changes aside, look for flat to only slightly increasing stumpages.
- Long-term outlook for DNR timber sales prices:

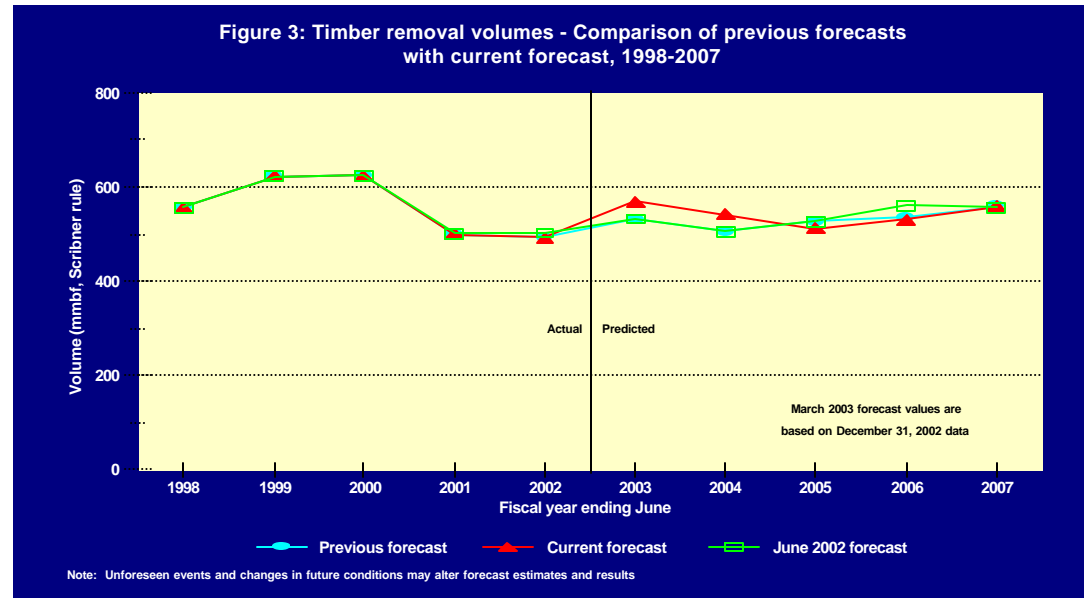
1. At best, real (i.e., inflation-adjusted) softwood stumpages are likely to remain constant over the forecast period, implying no erosion of the purchasing power of timber revenues due to inflation (assuming timber harvest volume remains unchanged).
 2. A less likely but still possible scenario is that real stumpages will decline compared with estimates provided in this forecast, reducing the purchasing power of timber revenues for both beneficiaries and the department.
- Factors contributing to the outlook for forecast timber sales prices include: (1) Increased softwood lumber imports from Canada in the wake of increased lumber production in western Canada, induced in part by a switch to price-based import regulation (including an *ad valorem* tariff and an anti-dumping duty) instead of the quantitative import



controls of the now expired Softwood Lumber Agreement, and in part by accelerated harvest in interior British Columbia forests in response to serious forest health problems; (2) Softwood log imports from Canada into the western USA--these have increased sharply over the last one to two years (Refer to the Appendix in the June 2001 forecast and the September 2001 forecast for more details), and appear to be diluting purchaser interest in sales offered by the department (thereby depressing prices); (3) Increasing softwood lumber imports from countries other than Canada, and especially from plantation sources; (4) Increasing competition in export markets--particularly in Japan--for both softwood logs and lumber increasing the supply of these products in the domestic market; and (5) Increasing substitution of both wood and non-wood products for solid wood products, especially in engineering end use applications.

■ **Timber Removal Volumes:** Compared with the November 2002 forecast, estimated timber removal volumes are sharply increased for FY 03 and FY 04, reduced slightly for FY 05 and FY 06, and are unchanged for FY 07 (Figure 3, Table 1).

- The increased removal estimates for FY 03 and FY 04 are largely driven by purchasers' removal intentions reflecting, among other factors, anticipated lumber and end-use market conditions, and processing profitability. These increased estimates also result from shortening contract lengths, on average, for sales offered by the department, and rapidly approaching sale expiration dates for much of the uncut inventory already under contract.
- The upward trend in removals for FY 05-07 assumes the department will meet its sold timber volume targets for those (and prior) years.

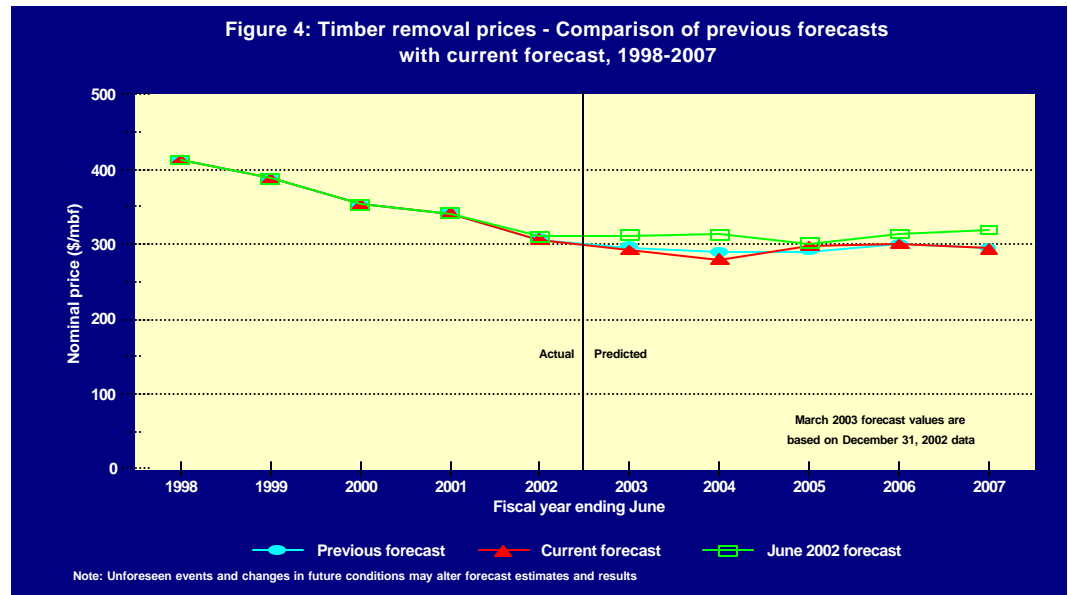


■ **Uncut Timber Inventory Under Contract:** Compared with the November 2002 forecast, uncut timber under contract at the end of FY 07 is some 56 MMbf lower in volume terms, and about \$14 million lower in value terms (Table 1).

- At the end of FY 07 uncut inventory under contract is estimated to be some 810 MMbf, worth \$227 million (average of \$280/Mbf), compared with 671 MMbf, worth \$188 million (average of \$281/Mbf) at the end of the December 2002 quarter (Table 1).

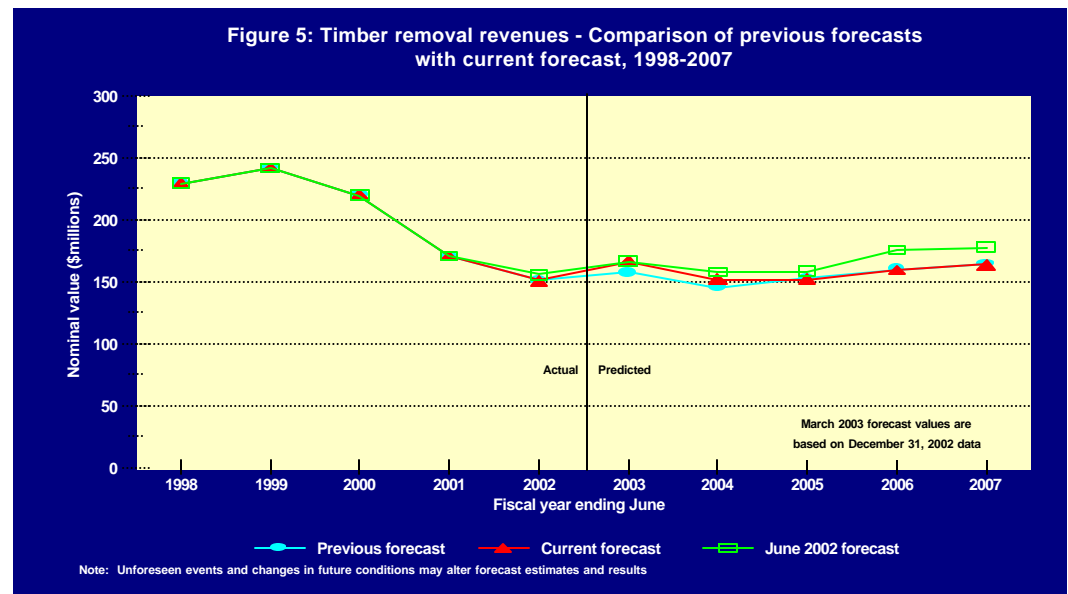
- **Timber Removal Prices:** Compared with the November 2002 forecast, timber removal prices are reduced by \$4/Mbf in FY 03 and \$9/Mbf in FY 04, and increased by \$8/Mbf in FY 05 (Figure 4, Table 1). Removal prices are then forecast to remain virtually unchanged for the rest of the forecast period.

- Changes in timber removal price estimates reflect changes in sales worked by purchasers responding to perceived market prospects and sale contract obligations.



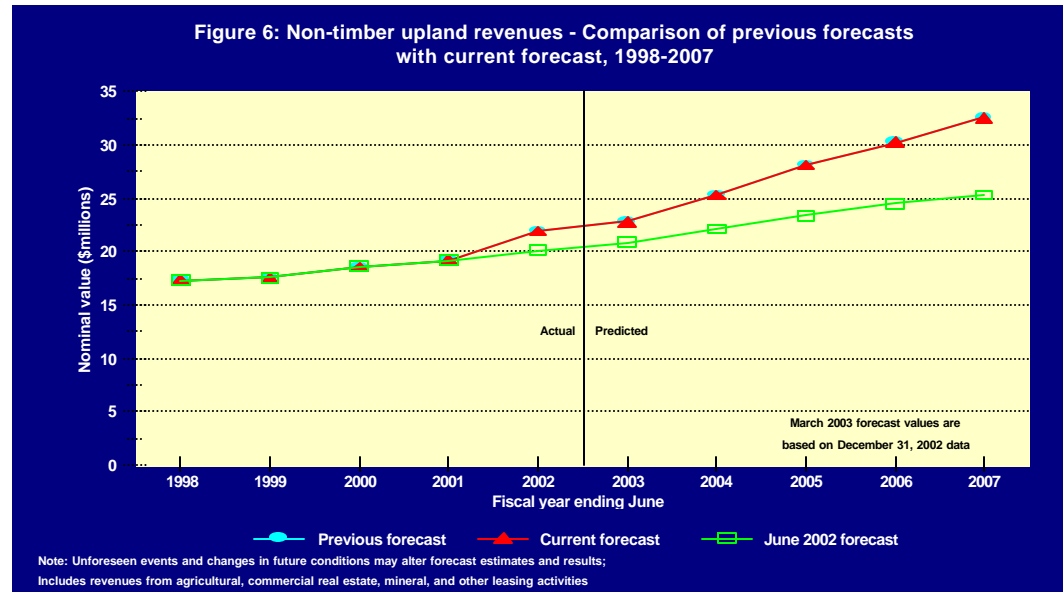
- **Timber Removal Revenues:** Compared with the November 2002 forecast, timber removal revenues are forecast to be nearly 6% (\$9.2 million) higher in FY 03, over 4% (\$5.9 million) higher in FY 04, and as much as 0.3% (\$0.6 million) less over the remaining years of the forecast period (Figure 5, Tables 1 & 2).

- Increases in timber removal revenues reflect the combined effects of increases in timber removal volumes and decreases in timber removal prices.



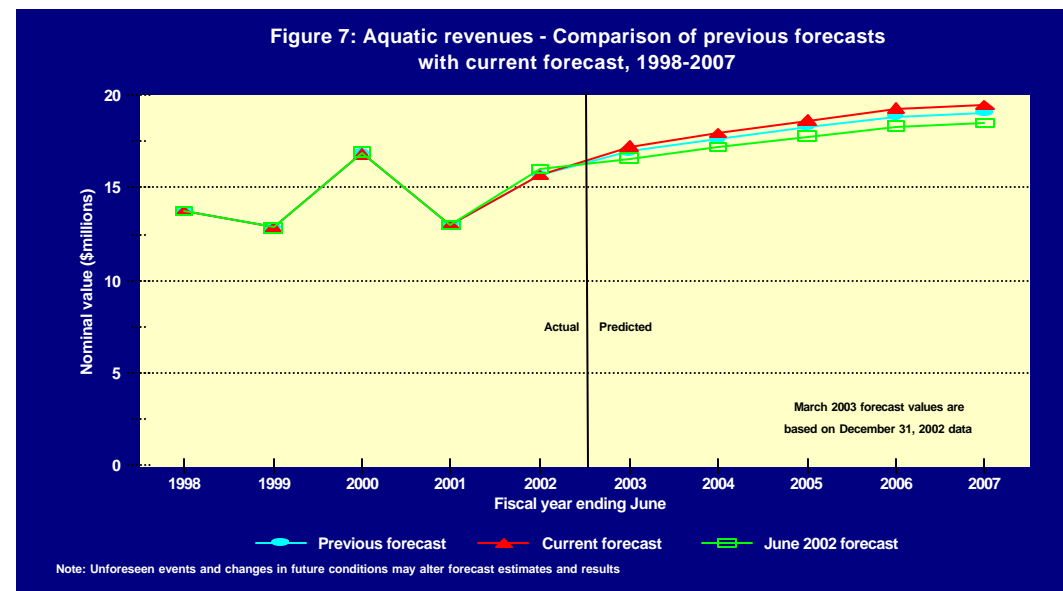
■ **Non-timber Upland Revenues:** Compared with the November 2002 forecast, estimates of non-timber upland revenues are unchanged from levels previously estimated (Figure 6, Table 2).

- Price prospects for apples and wheat--agricultural commodities to which the department has direct market exposure--appear encouraging in the short term, in the wake of reduced production elsewhere in the nation and the world. Whether higher prices actually result in increased revenues (by more than offsetting the impacts of reduced yields) remains to be seen. Moreover, domestic and international competition will remain intense within the agricultural commodity sector implying a greater likelihood that real (i.e., inflation-adjusted) prices will trend downward rather than upward over the longer term.



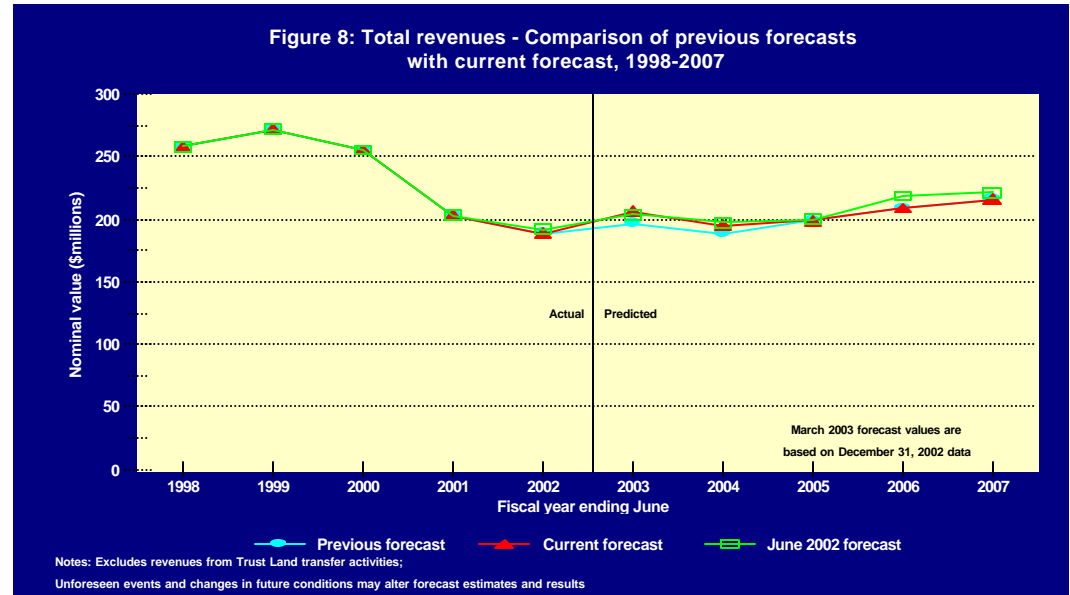
■ **Aquatic Revenues:** Compared with the November 2002 forecast, aquatic revenues are estimated to be about 1.8% to 2.3% (\$0.3 million to \$0.4 million) higher than previous estimates (Figure 7, Table 2).

- Changes in estimated revenues reflect effects of including an additional three months' worth of data in re-estimating underlying forecast models.
- Forecast aquatic revenues continue to assume future revenues will follow trends exhibited by past revenue receipts, and do not explicitly take into account factors with potentially major revenue impacts (e.g., revisions to geoduck harvest levels, and



biological factors such as green crab infestation and paralytic shellfish poisoning).

- **Total Revenues:** Compared with the November 2002 forecast, total revenues are forecast to be \$9.5 million higher in FY 03, and \$6.3 million higher in FY 04, but virtually unchanged in subsequent years of the forecast period (Figure 8, Table 2). These changes in total revenues directly reflect changes in forecast timber removal revenues (for reasons noted on preceding pages).



- Excluding Trust Land Transfers, total revenues are forecast to increase by more than 9% to over \$206 million in FY 03 from \$188.6 million in FY 02 (provisional). Total revenues are then forecast to decrease to about \$195 million in FY 04, before rising through FY 05 and FY 06 to reach about \$216 million in FY 07.
- Beneficiary and management revenues follow the same trend as total revenues (Tables A2 and A3).
- Substantial review of the allocation of timber revenues by trust has been undertaken in this forecast, resulting in changes in the method of calculating revenues and volumes by trust, and incorporating new trust-by-trust sales plan data based both on updated near-term sales plans and modeling of future sales. As a result of this review, a substantial reallocation occurred of revenues away from State Grant lands toward Forest Board lands, as depicted in Tables A2 and A3. However, note that trust-by-trust sales volume estimates for the later years of the forecast likely will change further following recalculation of the sustainable harvest.
- Revenues to trust beneficiaries from the resource transfer component of Trust Land Transfers are reported but not estimated in the forecast. Trust Land Transfer program staff reported these revenues to reach about \$40.0 million during FY 02 and FY 03, i.e., \$8.6 million in FY 02 and \$31.4 million in FY 03 (Footnote 1, Table A2).

■ Some Uncertainty Caveats:

- Target sold timber sale volumes for the later years of the forecast likely will change as a result of the recalculation of the sustainable harvest for DNR-managed trust lands.
- Operational changes being undertaken in the department's timber sales programs will be factored into the forecast as appropriate, over time. These changes include streamlining the timber sales process, and changes in the prospective quality of the timber sales product mix.
- Operational changes being undertaken in the department's nontimber product sales and leasing programs are also expected to influence revenue returns from land management activities. These changes are factored into this forecast (e.g., increasing emphasis on commercial real estate leases).
- Market impacts of changes in timber supply from outside the Pacific Northwest region are expected to contribute to increasingly competitive domestic and foreign lumber and sawtimber markets, e.g., foreign log and lumber supplies, substitutes for solid wood products.
- Changing consumer preferences for timber in Japan may reduce demand for North American softwood lumber (i.e., the switch toward kiln-dried lumber in response to house construction performance standards and guarantees).
- Timing of an upturn in economic conditions, especially in the US economy.
- Prospective budgetary challenges arising out of the 2003 legislative session, and their possible impacts upon the department's trust land management programs.

Table 1a: Projected trust land timber sales, removals and revenues

| Fiscal year | | Actual 2001 | Actual 2002 | Actual FY 2003 7/1/2002 to 12/31/2002 | Projected 2003 | Projected 2004 | Projected 2005 | Projected 2006 | Projected 2007 |
|---------------------------------------|--------------------|----------------|----------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Sold timber sales | Volume (mmbf) | 460 | 495 | 199 | 550 | 560 | 560 | 560 | 560 |
| | Price (\$/mbf) | \$305 | \$264 | \$283 | \$290 | \$310 | \$295 | \$285 | \$280 |
| Ending uncut inventory under contract | Volume (mmbf) | 737 | 731 | 671 | 712 | 730 | 779 | 809 | 810 |
| | Value (\$millions) | \$227.9 | \$205.7 | \$188.4 | \$199.0 | \$221.0 | \$234.0 | \$234.2 | \$227.1 |
| | Price (\$/mbf) | \$309 | \$282 | \$281 | \$280 | \$303 | \$300 | \$290 | \$280 |
| Timber removals | Volume (mmbf) | 500 | 492 | 254 | 569 | 542 | 511 | 530 | 558 |
| | Price (\$/mbf) | \$341 | \$307 | \$284 | \$292 | \$280 | \$298 | \$301 | \$294 |
| Timber removal revenue (\$millions) | | \$170.6 | \$150.9 | \$71.9 | \$166.2 | \$151.6 | \$152.2 | \$159.4 | \$163.9 |

Note: Totals may not add due to rounding

Note: Year-to-date sold timber sales are lower than expected due to litigation prompting withdrawal of sales for the September quarter.
This litigation has not changed the department's 550 mmbf sale target for FY 03 in this forecast.

Table 1b: Change from previous forecast

| Fiscal year | | 2001 | 2002 | Change since last quarter | Projected 2003 | Projected 2004 | Projected 2005 | Projected 2006 | Projected 2007 |
|---------------------------------------|--------------------|---------|---------|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Sold timber sales | Volume (mmbf) | 0 | 0 | 197 | 0 | 0 | 0 | 0 | 0 |
| | Price (\$/mbf) | (\$0) | (\$0) | \$75 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ending uncut inventory under contract | Volume (mmbf) | 0 | (0) | 100 | (38) | (75) | (60) | (56) | (56) |
| | Value (\$millions) | (\$0.0) | (\$0.0) | \$27.7 | (\$9.2) | (\$15.1) | (\$14.9) | (\$14.3) | (\$13.9) |
| | Price (\$/mbf) | (\$0) | (\$0) | (\$0) | \$2 | \$9 | \$4 | \$2 | \$2 |
| Timber removals | Volume (mmbf) | 0 | 0 | 100 | 38 | 37 | (15) | (4) | 0 |
| | Price (\$/mbf) | \$0 | (\$0) | \$1 | (\$4) | (\$9) | \$8 | \$1 | (\$1) |
| Timber removal revenue (\$millions) | | \$0.0 | \$0.0 | \$28.5 | \$9.2 | \$5.9 | (\$0.2) | (\$0.6) | (\$0.4) |

Note: Totals may not add due to rounding

Table 2a: Projected trust land revenue by source (\$millions)

| Fiscal year | Actual 2001 | Actual 2002 | Actual FY 2003 7/1/2002 to 12/31/2002 | Projected 2003 | Projected 2004 | Projected 2005 | Projected 2006 | Projected 2007 |
|--|----------------|----------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Timber removal revenue | \$170.6 | \$150.9 | \$71.9 | \$166.2 | \$151.6 | \$152.2 | \$159.4 | \$163.9 |
| Agricultural and mineral revenue | \$13.5 | \$14.4 | \$6.8 | \$14.8 | \$15.8 | \$17.1 | \$17.8 | \$18.6 |
| Commercial real estate revenue | \$5.7 | \$7.5 | \$4.0 | \$8.0 | \$9.5 | \$11.0 | \$12.5 | \$14.0 |
| Aquatic revenue | \$13.0 | \$15.7 | \$10.8 | \$17.3 | \$18.0 | \$18.6 | \$19.3 | \$19.8 |
| Trust land transfer (resource value) | \$31.9 | \$8.6 | \$4.3 | \$31.4 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Total revenue, excluding trust land transfer | \$202.8 | \$188.1 | \$93.7 | \$206.3 | \$194.9 | \$199.0 | \$209.0 | \$216.2 |

Note: Totals may not add due to rounding

Table 2b: Change from previous forecast (\$millions)

| Fiscal year | Actual 2001 | Actual 2002 | Change since last | Projected 2003 | Projected 2004 | Projected 2005 | Projected 2006 | Projected 2007 |
|--|----------------|----------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Timber removal revenue | \$0.0 | \$0.0 | \$28.5 | \$9.2 | \$5.9 | (\$0.2) | (\$0.6) | (\$0.4) |
| Agricultural and mineral revenue | \$0.0 | \$0.0 | \$4.1 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Commercial real estate revenue | \$0.0 | \$0.0 | \$1.9 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Aquatic revenue | \$0.0 | \$0.0 | \$5.8 | \$0.3 | \$0.3 | \$0.4 | \$0.5 | \$0.7 |
| Trust land transfer (resource value) | \$0.0 | (\$4.3) | (\$3.9) | \$4.3 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Total revenue, excluding trust land transfer | \$0.0 | (\$0.0) | \$40.3 | \$9.5 | \$6.3 | \$0.1 | (\$0.1) | \$0.4 |

Note: Totals may not add due to rounding

Table A2: Projected trust revenues by fund and fiscal year, March 2003 forecast, 2000-2007 (\$millions)

| Fiscal year | 2000 | 2001 | Actual 2002 | Actual 2003 7/1/02 to 12/31/02 | Projected 2003 | Projected 2004 | Projected 2005 | Projected 2006 | Projected 2007 |
|---|---------|---------|----------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| MANAGEMENT ACCOUNTS | | | | | | | | | |
| 041 RMCA - UPLAND | \$30.9 | \$24.9 | \$22.2 | \$9.9 | \$24.2 | \$21.8 | \$24.5 | \$26.2 | \$27.5 |
| 041 RMCA - AQUATIC | \$7.2 | \$5.4 | \$6.4 | \$4.6 | \$7.2 | \$7.5 | \$7.8 | \$8.1 | \$8.3 |
| 014 FDA | \$26.4 | \$20.5 | \$19.8 | \$9.8 | \$21.4 | \$20.9 | \$19.1 | \$19.5 | \$19.7 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | \$64.4 | \$50.7 | \$48.4 | \$24.4 | \$52.7 | \$50.3 | \$51.3 | \$53.8 | \$55.5 |
| CURRENT FUNDS | | | | | | | | | |
| 113 COMMON SCHOOL CONSTRUCTION | \$66.0 | \$52.2 | \$44.1 | \$21.7 | \$50.1 | \$44.3 | \$52.1 | \$56.3 | \$59.9 |
| 999 FOREST BOARD COUNTIES | \$81.0 | \$64.0 | \$58.5 | \$30.5 | \$63.5 | \$61.1 | \$57.8 | \$59.2 | \$60.4 |
| 001 GENERAL FUND | \$5.2 | \$3.8 | \$4.3 | \$1.4 | \$4.0 | \$4.9 | \$3.2 | \$3.1 | \$2.9 |
| 348 UNIVERSITY BOND RETIREMENT | \$0.3 | \$1.1 | \$0.5 | \$0.7 | \$1.2 | \$0.6 | \$0.9 | \$1.0 | \$1.2 |
| 347 WSU BOND REPAYMENT | \$0.5 | \$0.7 | \$0.8 | \$0.3 | \$0.9 | \$0.9 | \$1.0 | \$1.0 | \$1.1 |
| 042 CEP&RI | \$5.1 | \$3.8 | \$3.9 | \$2.3 | \$5.3 | \$6.3 | \$3.7 | \$3.9 | \$3.9 |
| 036 CAPITOL BUILDING CONSTRUCTION | \$8.2 | \$6.5 | \$7.6 | \$3.1 | \$6.3 | \$5.7 | \$6.9 | \$7.2 | \$7.1 |
| 061/3/5/6 NORMAL (CWU, EWU, WWU, TESC) SCHOOL | \$0.1 | \$0.1 | \$0.1 | \$0.0 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.1 |
| OTHER FUNDS | \$0.0 | \$0.1 | \$0.2 | \$0.0 | \$0.1 | \$0.1 | \$0.2 | \$0.2 | \$0.2 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | \$166.4 | \$132.3 | \$120.0 | \$59.9 | \$131.5 | \$123.9 | \$125.9 | \$132.0 | \$136.8 |
| AQUATIC LANDS ENHANCEMENT ACCOUNT | | | | | | | | | |
| 02R AQUATIC LANDS | \$9.7 | \$7.6 | \$9.3 | \$6.1 | \$10.0 | \$10.4 | \$10.8 | \$11.3 | \$11.5 |
| PERMANENT FUNDS | | | | | | | | | |
| 601 AGRICULTURAL COLLEGE | \$2.6 | \$1.8 | \$1.1 | \$1.4 | \$3.2 | \$2.3 | \$1.9 | \$2.5 | \$3.1 |
| 604 NORMAL SCHOOL PERMANENT | \$5.5 | \$4.3 | \$4.0 | \$0.8 | \$2.6 | \$3.3 | \$3.1 | \$3.0 | \$2.7 |
| 605 COMMON SCHOOL PERMANENT | \$1.0 | \$0.8 | \$0.9 | \$0.1 | \$0.7 | \$0.9 | \$1.1 | \$1.2 | \$1.2 |
| 606 SCIENTIFIC PERMANENT | \$4.7 | \$4.7 | \$4.3 | \$0.8 | \$4.9 | \$3.1 | \$4.4 | \$4.9 | \$5.1 |
| 607 UNIVERSITY PERMANENT | \$1.0 | \$0.6 | \$0.7 | \$0.2 | \$0.6 | \$0.6 | \$0.4 | \$0.3 | \$0.3 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | \$14.7 | \$12.2 | \$10.9 | \$3.2 | \$12.0 | \$10.2 | \$10.9 | \$11.9 | \$12.5 |
| TOTAL TO TRUST BENEFICIARY FUNDS | | | | | | | | | |
| | \$190.8 | \$152.1 | \$140.2 | \$69.2 | \$153.5 | \$144.6 | \$147.6 | \$155.2 | \$160.8 |
| TOTAL ALL FUNDS | | | | | | | | | |
| | \$255.3 | \$202.8 | \$188.6 | \$93.7 | \$206.3 | \$194.9 | \$199.0 | \$209.0 | \$216.2 |

Notes:

- 1 - Excludes interest and trust land transfer monies, and includes operating transfers. Trust Land Transfer monies amounted to \$37.3 million in FY 1994-95, \$21.8 million in FY 1998-99, \$56.06 million in FY 2000-01, and \$40.0 million (estimate) in FY 2002-03, payable to the Common School Construction Fund.
- 2 - Upland RMCA does not include land bank transactions.
- 3 - Revenues reflect cash earnings from management activities only. Revenues from interest payments, fires assessments, permits, fees, etc. are not included.
- 4 - Totals may not add due to rounding.
- 5 - Projected values are forecast estimates, and should be interpreted in conjunction with the accompanying forecast document. Unforeseen events and changes in future conditions may alter forecast estimates and results.
- 6 - Data for all years are cash estimates, and not directly comparable with accrual figures presented in DNR Annual Reports.

Table A3: Change from November 2002 to March 2003 forecast-Projected trust revenues by fund and fiscal year, 2000-2007 (\$millions)

| Fiscal year | 2000 | 2001 | Actual 2002 | Projected 2003 | Projected 2004 | Projected 2005 | Projected 2006 | Projected 2007 |
|---|-------|-------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| MANAGEMENT ACCOUNTS | | | | | | | | |
| 041 RMCA - UPLAND | \$0.0 | \$0.0 | \$0.0 | \$1.1 | (\$0.6) | (\$1.9) | (\$0.6) | (\$1.4) |
| 041 RMCA - AQUATIC | \$0.0 | \$0.0 | \$0.0 | \$0.1 | \$0.1 | \$0.2 | \$0.2 | \$0.3 |
| 014 FDA | \$0.0 | \$0.0 | \$0.0 | \$1.2 | \$2.1 | \$2.1 | \$0.6 | \$1.4 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | \$0.0 | \$0.0 | \$0.0 | \$2.4 | \$1.7 | \$0.5 | \$0.2 | \$0.3 |
| CURRENT FUNDS | | | | | | | | |
| 113 COMMON SCHOOL CONSTRUCTION | \$0.0 | \$0.0 | \$0.0 | \$2.7 | (\$4.7) | (\$7.4) | (\$3.2) | (\$5.1) |
| 999 FOREST BOARD COUNTIES | \$0.0 | \$0.0 | \$0.0 | \$2.9 | \$6.0 | \$5.9 | \$1.4 | \$4.4 |
| 001 GENERAL FUND | \$0.0 | \$0.0 | \$0.0 | \$0.3 | \$0.8 | \$0.6 | \$0.3 | \$0.0 |
| 348 UNIVERSITY BOND RETIREMENT | \$0.0 | \$0.0 | \$0.0 | (\$0.0) | (\$0.4) | (\$0.7) | (\$0.5) | (\$0.4) |
| 347 WSU BOND REPAYMENT | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 042 CEP&RI | \$0.0 | \$0.0 | \$0.0 | \$0.2 | \$0.9 | \$0.3 | \$0.2 | (\$0.1) |
| 036 CAPITOL BUILDING CONSTRUCTION | \$0.0 | \$0.0 | \$0.0 | (\$0.1) | \$0.5 | \$1.5 | \$0.8 | \$1.0 |
| 061/3/5/6 NORMAL (CWU, EWU, WWU, TESC) SCHOOL | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| OTHER FUNDS | \$0.0 | \$0.0 | \$0.0 | (\$0.0) | \$0.0 | (\$0.2) | (\$0.1) | (\$0.3) |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | \$0.0 | \$0.0 | \$0.0 | \$5.9 | \$3.2 | (\$0.1) | (\$1.1) | (\$0.4) |
| AQUATIC LANDS ENHANCEMENT ACCOUNT | | | | | | | | |
| 02R AQUATIC LANDS | \$0.0 | \$0.0 | \$0.0 | \$0.2 | \$0.2 | \$0.2 | \$0.3 | \$0.4 |
| PERMANENT FUNDS | | | | | | | | |
| 601 AGRICULTURAL COLLEGE | \$0.0 | \$0.0 | \$0.0 | \$0.2 | (\$0.6) | (\$1.4) | (\$0.4) | (\$0.4) |
| 604 NORMAL SCHOOL PERMANENT | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.7 | \$0.6 | \$0.3 | (\$0.1) |
| 605 COMMON SCHOOL PERMANENT | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 606 SCIENTIFIC PERMANENT | \$0.0 | \$0.0 | \$0.0 | \$0.7 | \$0.6 | \$0.5 | \$0.7 | \$0.9 |
| 607 UNIVERSITY PERMANENT | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.5 | (\$0.1) | (\$0.1) | (\$0.3) |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | \$0.0 | \$0.0 | \$0.0 | \$0.9 | \$1.2 | (\$0.5) | \$0.5 | \$0.0 |
| TOTAL TO TRUST BENEFICIARY FUNDS | | | | | | | | |
| | \$0.0 | \$0.0 | \$0.0 | \$7.0 | \$4.6 | (\$0.3) | (\$0.3) | \$0.1 |
| TOTAL ALL FUNDS | | | | | | | | |
| | \$0.0 | \$0.0 | \$0.0 | \$9.5 | \$6.3 | \$0.1 | (\$0.1) | \$0.4 |

Notes:

- 1 - Excludes interest and trust land transfer monies, and includes operating transfers. Trust Land Transfer monies amounted to \$37.3 million in FY 1994-95, \$21.8 million in FY 1998-99, \$56.06 million in FY 2000-01, and \$40.0 million (estimate) in FY 2002-03, payable to the Common School Construction Fund.
- 2 - Upland RMCA does not include land bank transactions.
- 3 - Revenues reflect cash earnings from management activities only. Revenues from interest payments, fires assessments, permits, fees, etc. are not included.
- 4 - Totals may not add due to rounding.
- 5 - Projected values are forecast estimates, and should be interpreted in conjunction with the accompanying forecast document. Unforeseen events and changes in future conditions may alter forecast estimates and results.
- 6 - Data for all years are cash estimates, and not directly comparable with accrual figures presented in DNR Annual Reports.